



Legislative Fiscal Bureau

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TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: Property Tax Bill Update

This office has received a number of inquiries concerning property tax bills as legislators have become aware of local governments setting their property tax levies for 2015(16). On July 27, 2015, this office estimated that the 2015(16) tax bill on a median-valued home taxed at statewide average tax rates would equal \$2,830 under the provisions included in 2015 Wisconsin Act 55. That amount represents a decrease of \$1 relative to the amount calculated for 2014(15) -- \$2,831.

While final statewide tax levies for all local taxing jurisdictions will not be compiled until the Spring of 2016, some tax bill components are now known. These include equalized values, the median home value, state tax credit funding levels, school district tax levies, and technical college district tax levies. Combining this data with the July 27 projections for county, municipal, and special purpose district levies, which are not yet known, produces a revised tax bill estimate of \$2,847, which is \$17 higher than estimated on July 27.

Over half of the tax bill difference (\$10) is attributable to equalized values. The increase in residential property value due to economic factors is used to calculate the year-to-year change in the median home value, and the difference between the growth rates for total value and the home value is an important element in determining tax bill changes. When the value of an existing property increases by a lower percentage than the percentage change in total value, the existing property will comprise a smaller share of total tax base, and the percentage of taxes apportioned to the existing property will decline. In the July 27th memorandum, total taxable value was estimated to increase at a rate that was 1.1% higher than the home value change, but the actual 2015 equalized values reflect a difference of only 0.8%. Compared to the earlier estimate, less of the 2015(16) tax levy will be shifted to other property and more of the tax levy will be borne by existing homes.

The rest of the tax bill difference (\$7) is due to somewhat higher school and technical college district tax levy increases and slightly less lottery proceeds available, in comparison to the

July 27 estimated amounts. Statewide levy increases of 2.1% for school districts and 2.4% for technical college districts compare to earlier estimated increases of 1.6% and 2.0%, respectively. In dollar terms, the reported increases exceed the earlier projections by \$21.7 million for school districts and by \$1.4 million for technical college districts. In October, the Joint Committee on Finance approved a Department of Administration estimate of lottery proceeds available for distribution as property tax credits in 2015-16. The action lowered the estimate of available funding by \$1.4 million from \$162.8 million under Act 55 to \$161.4 million in October.

At this time, not all counties, municipalities, and special purpose districts have set their levies or reported those levies to the Department of Revenue. The 2015(16) tax bill estimate reported below incorporates statewide tax levy estimates for those jurisdictions from the July 27th exercise with the data discussed above. The 2015(16) tax bill is estimated at \$2,847, which represents an increase of 0.6% compared to 2014(15). Because 2015-17 budget deliberations concerned the tax bill trend since 2010(11), the following table reflects the tax bill estimates for that period.

**Estimated Tax Bills for a Median-Valued Home Based on Statewide Average Tax Rates
2010(11) - 2015(16)**

	<u>2010(11)</u>	<u>2011(12)</u>	<u>2012(13)</u>	<u>2013(14)</u>	<u>2014(15)</u>	<u>2015(16)*</u>
Median-Valued Home **	\$161,355	\$157,692	\$151,148	\$147,989	\$150,505	\$152,719
Tax Bill Estimate	\$2,963	\$2,953	\$2,943	\$2,926	\$2,831	\$2,847
Change to Prior Year						
Amount		-\$10	-\$10	-\$17	-\$95	\$16
Percent		-0.3%	-0.3%	-0.6%	-3.2%	0.6%

* Based, in part, on actual data and, in part, on projections.

** Based on 2000 U.S. Census, adjusted for the annual change in residential property value due to economic factors.

The preceding tax bill estimates are for the state as a whole. The tax bill impacts in individual municipalities could vary considerably from these amounts.

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